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# Industrial Development Board

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## ACTIVITIES OF THE JOINT INSPECTION UNIT

**Report by the Director-General**

In accordance with Board decision IDB.24/Dec.11, reports on recent JIU recommendations relevant to UNIDO. Includes information on compliance with previous JIU recommendations and follow-up thereon.

**Abbreviations**

| | |
|---|---|
| ADM | Division of Administration |
| CD | compact disk |
| CD-ROM | compact disk-read only memory |
| CIO | chief information officer |
| CSO | civil society organization |
| CTBTO | Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization |
| ERP | enterprise resource planning |
| FAO | Food and Agriculture Organization of the United Nations |
| HRM | Human Resource Management Branch |
| IAEA | International Atomic Energy Agency |
| ICT | information and communication technology |
| ILO | International Labour Organization |
| IMIS | Integrated Management Information System |
| IOG | Internal Oversight Group |
| IT | information technology |
| JIU | Joint Inspection Unit |
| LAC | Latin America and Caribbean Bureau |
| MI | management information |
| MIS | Management Information System |
| NGO | non-governmental organization |
| OCG | Office of the Comptroller General |
| PCF | Programme Coordination and Field Operations Division |
| SELA | Latin American Economic System |
| SGB | Secretariat of the Governing Bodies |
| TCDC | technical cooperation among developing countries |
| UNOV | United Nations Office at Vienna |
| VBO | Vienna-based organization |

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## Introduction

1. The Joint Inspection Unit (JIU) became a subsidiary organ of the Industrial Development Board by its decision IDB.1/Dec.22. A pilot scheme of follow-up to JIU recommendations was outlined in document IDB.24/18 and subsequently approved in decision IDB.24/Dec.11. In accordance with the provisions therein, one regular Board session per year will consider JIU reports (except in certain specified cases).

2. A total of 12 JIU reports were issued since the most recent Board document covering this subject (IDB.25/5). The present document provides the Organization's comments on those reports that are of relevance to UNIDO. In the interest of economy, the recommendations themselves, and specific UNIDO comments thereon, are quoted in a separate conference room paper (IDB.27/CRP.3).

3. In accordance with the follow-up system, information on compliance with JIU recommendations with regard to substantive and thematic issues and follow-up thereon is provided in the annex to the present document.

### Recent JIU reports

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|---|---|
| JIU/REP/2002/1* | Involvement of civil society organizations other than NGOs and the private sector in technical cooperation activities: experiences and prospects of the United Nations system |
| JIU/REP/2002/2 | The result approach in the United Nations: implementing the United Nations Millennium Declaration |
| JIU/REP/2002/3* | Support costs related to extra-budgetary activities in organizations of the United Nations system |
| JIU/REP/2002/4 | Extension of water-related technical cooperation projects to end-beneficiaries: bridging the gap between the normative and the operational in the United Nations system (case studies in two African countries) |
| JIU/REP/2002/5 | Reform of the administration of justice in the United Nations system: options for higher recourse instances |
| JIU/REP/2002/6* | United Nations system revenue-producing activities |
| JIU/REP/2002/7 | Management audit review of out-sourcing in the United Nations Funds and Programmes |
| JIU/REP/2002/8 | Review of management and administration in the Food and Agriculture Organization of the United Nations (FAO) |
| JIU/REP/2002/9* | Managing information in the United Nations system organizations: management information systems |
| JIU/REP/2002/10 | Evaluation of United Nations system response in East Timor: coordination and effectiveness |
| JIU/REP/2002/11* | Implementation of multilingualism in the United Nations system |
| JIU/REP/2002/12* | Common and Joint Services of United Nations system organizations at Vienna |

* Indicates a report of direct or some relevance to UNIDO, copies of which are available from the documents distribution counter.

## I. REPORTS SUBMITTED BY THE JOINT INSPECTION UNIT OF DIRECT RELEVANCE TO UNIDO

### A. Involvement of civil society organizations other than NGOs and the private sector in technical cooperation activities: experiences and prospects of the United Nations system (JIU/REP/2002/1)

4. During the past several years, due to the increasing role of civil society organizations (CSOs) in the technical cooperation activities of the United Nations system, member States have repeatedly called for the development of a policy framework and an appropriate mechanism at the regional and national level for collaborating with CSOs, in order to enhance their involvement and participation. The important contribution made by CSOs is an extended effort to build up the capacity of developing countries. This scenario underlines the emergence of civil society as a powerful actor on the national and international scene and highlights the need to face this factor with different approaches, proposals and solutions, based on a meaningful tripartite cooperation of governments, United Nations system organizations and CSOs.

5. The report focuses on this new evolution of partnership, the opportunities it offers for a forward-looking approach, the obstacles involved in the process and how to handle them.

#### Views of UNIDO (responsible unit: ODG)

6. The report is comprehensive and highlights the major issues of CSO involvement in technical cooperation activities.

7. Although UNIDO has traditionally worked with Governments and with public sector institutions, it has steadily increased its cooperation with organizations of the private sector and civil society. UNIDO works with international, national and local CSOs, including industry and business organizations, chambers of commerce and industry, professional associations, technology associations, cooperatives, specialized CSOs (environment, women, information, standardization), trade and consumer unions, development CSOs, foundations and public interest groups.

8. UNIDO's experience in setting up and strengthening organizations that support the manufacturing sector provides it with a catalytic role in linking Governments with the private sector and civil society. CSOs play an important role in UNIDO activities as:

(a) Service providers and support institutions to local industries providing technical, managerial, fiscal and legal advice; providing information on technology, standards, environmental regulations, etc. In that respect CSOs are of direct relevance to the preparation, execution and monitoring of UNIDO technical co-operation activities;

(b) Advocates for change and intermediaries transmitting the opinion and needs of their members—our actual and potential target groups and beneficiaries—on setting development policies and providing an important mechanism for consultations between Governments and private sector enterprises.

9. The advantage of CSOs compared to governmental institutions lies in their proximity to the target group of potential UNIDO beneficiaries, particularly micro and small enterprises. Because of their organizational structure, CSOs are well informed about their members' needs and can quickly and adequately respond to them. Thus, CSOs can help people to build the capacities, which are necessary to modernize productive capacities and marketing techniques.

10. Key areas of UNIDO cooperation include: promoting partnerships with CSOs; involving CSOs at the formulation stage of programmes and projects as well as drawing on their services at the implementation stage; CSOs acting as counterpart organizations; promoting networking and coordination among CSOs; providing the requisite technical cooperation in helping CSOs improve their capacity to deliver services to micro, small and medium enterprises.

### B. Support costs related to extrabudgetary activities in organizations of the United Nations system (JIU/REP/2002/3)

11. The effective use of extrabudgetary resources in support of mandated programmes has become increasingly important. In reality, however, extra-budgetary activities do not always correspond to legislative priorities, and existing support cost policies do not reflect, in a systematic manner, the relative importance of particular extrabudgetary activities to these legislative priorities

**Views of UNIDO (responsible unit: ADM)**

12. The report is interesting, providing good insight into a complex issue. It is comprehensive and most of the observations are well argued and researched. The author's critical views on the new UNDP policy of making support cost an integral expenditure item of project budgets have been noted. Similarly, UNIDO fully shares the opinion that the administration of UNDP service charges created a serious unnecessary administrative burden.

13. The recommendations that emanated from the observations, addressed to the individual executive heads, did not appear to have the necessary basis to resolve system-wide issues. More specific conclusions, with a common course of action for the entire system, might have induced greater impact.

### C. United Nations system revenue-producing activities (JIU/REP/2002/6)

14. The report aims at reviewing the United Nations system policies and practices relating to revenue-producing activities with a view to establishing a coherent policy framework for these activities and improving their management efficiency and effectiveness.

**Views of UNIDO (responsible unit: ADM)**

15. As rightly pointed out in the executive summary, with the exception of the United Nations, each of the organizations operates only a limited set of revenue-producing activities, of which sales publications are the most common example. This first review of revenue-producing activities in promoting the public image and visibility of the United Nations and the potential in some cases for enhancing their revenue-generating capacity is interesting. However, a uniform set of policy

objectives as aspired to in the report is not realistic in this context, given the very different scope of the individual organizations' activities and the diversity of the stakeholders they serve. This possibly explains—at least in part—one finding of the report: the uneven recognition of revenue-producing activities among organizations, and is further reflected in their diversity in terms of spread. While accepting that financial results may serve as a measure of creativity in certain circumstances and that free distribution of products can limit the possibility of feedback on their relevance or usefulness, the ultimate yardstick for the specialized organizations in the system must be first and foremost the impact of their work in the developing countries of the world.

16. Social pricing methods and/or free distribution are likely to remain the mainstays of dissemination of United Nations activities in these countries for the foreseeable future. Given the limited resources of some organizations—and UNIDO in particular at present—it would be important to know some of the cost implications for putting a coherent policy framework for revenue-producing activities into place in order to best assess its beneficial impact on individual organizations. Nonetheless, the report comes up with a number of interesting suggestions that could perhaps be pursued initially on a less elaborate scale. Among these is the idea of periodic meetings of the key figures in publication, distribution and sales as an initial means of fostering coordination and cooperation among organizations. Such meetings could also facilitate an exchange of views on successful initiatives, particularly those of a less cost- and resource-intensive nature and serve as a sounding board for mutually constructive feedback on others with a potential marketable value.

17. The proposal to "enhance the United Nations experience" for visitors to the Vienna International Centre is interesting. This medium offers considerable potential for positioning and maintaining the United Nations in the public eye. Cross-selling by the organizations of each other's products in this context could serve a useful purpose, as might the idea of exploring the possibility of free space for publicity materials through the local authorities of duty stations. Also, those clearly exclusive United Nations products with a unique high-income market (e.g. treaty collection, statistics) should indeed, as the report suggests, be sold at value-based prices.

18. Other proposals (training activities, public lecture series, market research, television and radio products) imply the need for resources or, in some cases as the report quite rightly points out, even start-up capital—however, from what source? Many of these are simply out of reach for the organizations at present, given—as also acknowledged in the report—their tight, static or sinking budgets for public information.

19. The intellectual vitality of an organization is not increased by sales figures. Putting a price on a publication that could come anywhere close to what is required for cost recovery would kill demand and therefore drastically reduce the dissemination of the organization's work. Assuming that the publications are of a high intellectual standard (which can be verified by traditional means of refereeing), a better measure of performance when dealing with developing countries would be the demand. In this case, stimulating demand through adequate marketing is important.

20. All UNIDO publications that are not co-published are available for free download from the UNIDO web site. The hit rate, which can be measured for each publication, is also a reasonable measure of demand. Some geographical information about the requestors can also be obtained. For paper versions (or CD-ROM versions) of these publications, UNIDO tries to recover such costs as photocopying, CD copying and postage.

21. UNIDO feels that dissemination of its work could be increased still further by better targeting of its present and potential audiences through modern means of direct mail. A web site such as UNIDO's is only useful if it is actually visited, much like a bookshop. Informing targeted recipients directly through e-mail that there is a publication on the web site that could be of interest, however, is a far more effective and efficient way of reaching new audiences. UNIDO is therefore developing a direct marketing strategy to help increase awareness of its publications, using all available electronic means to target audiences better, such as relevant subject-oriented e-mail discussion groups and specific web sites devoted to special interest groups, universities and industry associations.

### D. Managing information in the United Nations system organizations: management information systems (JIU/REP/2002/9)

22. It has become increasingly important for the organizations in the United Nations system to take advantage of rapidly-evolving information and communication technologies (ICTs) for improved management, as the basis for performing their mandates efficiently and effectively. The report reviews the experiences on MI systems in United Nations organizations and draws lessons therefrom, and provides a set of guidelines aiming at (a) strengthening information management and (b) improving design and implementation of MI systems as effective tools for better management in United Nations system organizations.

**Views of UNIDO (responsible unit: ADM)**

23. The driving force for the improvement of UNIDO's information systems came from senior management and its insistence on timely and accurate

information for decision-making. This was particularly important during the serious financial situation faced at the end of 1997. Management therefore welcomed the opportunity to have a flexible system that could provide real-time information. The key complementary role of knowledge for making substantive programmatic decisions was also recognized and UNIDO is introducing knowledge management tools and techniques to help improve the quality of its technical cooperation.

24. In response to the needs of senior management, a detailed needs analysis was carried out of the information and IT needs of all users in UNIDO. Based on the analysis, a working group on MIS prepared a document entitled "UNIDO as a knowledge-based organization" in July 1999, which formed the basis for an MI strategy. The study contained a detailed cost-benefit analysis of the three directions open to UNIDO—stay on the mainframe and further integrate existing systems; adopt the United Nations-developed system IMIS; or purchase a commercial package to replace the existing systems. The decision was made to move to a commercial package. Rather than go for a complete ERP solution in one go, a stepwise approach was chosen, for logistical and financial reasons, commencing with UNIDO's financial and accounting systems. This would then be followed by travel, logistics, personnel systems, payroll etc. In general, the conditions described in the JIU report for a cost-effective implementation of an ERP system are correct. For example, it is always useful to streamline existing work processes. In fact, UNIDO trained many of its General Service and Professional staff in the use of total quality management/continuous improvement tools and techniques. Existing work processes, such as travel authorization or recruitment of experts, were used for the training.

25. Very good support was received from the other Vienna-based organizations as well as from organizations at other locations in the effort to select the best system for UNIDO's needs. Joint workshops were held with ILO on HRM and payroll; UNIDO was invited to be an observer at all company presentations made to UNDCP; copies of requests for proposals and other documentation were provided to UNIDO by IAEA and UNDCP; FAO was very helpful in responding to requests for information; and the United Nations in New York provided detailed briefings on IMIS. Despite this excellent cooperation, however, it was not possible to do any sort of joint implementation with other organizations because of UNIDO's different needs, particularly the decision to adopt the euro as its base currency, as well as requirements for managing technical cooperation activities.

26. The approach taken by UNIDO has proven successful, with the new Financial Performance Control System delivered on time and on budget (total cost $1.7 million), without the appropriation of any extra funds or other resources during the implementation of the system.

27. For any new system, flexibility, ease of use and integration with existing systems are very important. UNIDO has made great efforts to integrate its legacy mainframe systems, particularly in terms of reporting, through the development of Infobase. Infobase is a modern sophisticated Intranet-based system that pulls information from a variety of legacy mainframe systems and integrates them into a user-friendly reporting system with drill-down capabilities, cross-linking, etc. Even as UNIDO's legacy systems are replaced, Infobase is still being used to report from the new client-server systems.

28. To help ensure that the Organization's information management strategy and IT are kept in alignment with its Business Plan and needs, UNIDO has appointed a CIO who is simultaneously the chief of the Information and Communications Technology. He reports directly to the Managing Director of Administration but is invited to all meetings of the Board of Directors and can communicate directly with the Director-General if required.

### E. Implementation of multilingualism in the United Nations system (JIU/REP/2002/11)

29. The JIU report deals with the challenges facing the organizations of the United Nations system of maintaining and improving the multilingual content of services required by the universal character of the United Nations system. It also dwells on the impact of the language policies of United Nations system organizations on their interaction with member States and other stakeholders such as civil society and the private sector.

**Views of UNIDO (responsible unit: ADM)**

30. In the absence of any voluntary contribution it is indeed the regular budget that would have to finance efforts aimed at reducing any imbalances in the use of languages. In UNIDO, as in other organizations, the use of "official" languages in the policy-making organs is specified in the rules of procedure for the legislative bodies. Thus, the sessions of the policy-making organs are conducted in all six languages (Arabic, Chinese, English, French, Russian and Spanish) and official documents for the sessions are produced in all those languages. Since late 1997, pre-session documents issued to the policy-making organs have been uploaded onto the UNIDO web site, initially in English only. Starting in 2001, the French and Spanish versions were added.

31. The working languages of the Organization are English and French. These languages are used as appropriate in communications and circulars, as well as in all vacancy announcements. Regional imperatives may require that some expert groups and other meetings, as well as some correspondence, be carried out in other languages, particularly Spanish, and that vacancies be advertised in other official languages.

32. Establishment of UNIDO's Web presence in multiple languages, intensified language training for staff and more publications in other languages than English (to be factored in by those programmes that regularly produce publications) could contribute to improved multilingualism. In relation to language training, the Organization's general policy calls for a culture of continuous learning, which includes subsidized language training. The likelihood of obtaining extrabudgetary funding for such purposes would appear to be minimal. The UNIDO competencies scheme, including linguistic competencies, is currently in progress.

### F. Common and Joint Services of United Nations system organizations at Vienna (JIU/REP/2002/12)

33. The report is directed at the further development of common services in the United Nations system by reviewing the framework under which common and joint services are provided to the Vienna-based organizations (VBOs), highlighting best practice, identifying areas for improvement in the management and delivery of existing services, and examining the scope for expansion of these services.

34. JIU recommends that the legislative organs of the VBOs request their respective executive heads to jointly draw up proposals for the establishment of a single common services administrative unit. Pending the acceptance of that recommendation, or in the event that member States decide to retain the present system, JIU puts forward a further 11 recommendations. As mentioned in paragraph 2 above, the full text of the recommendations is quoted in document IDB.27/CRP.3.

**Views of UNIDO (responsible unit: ADM)**

35. Consultation with the VBOs will be carried out. However, it should be noted that a concentration of existing common services at one of the organizations could jeopardize its capacity to perform its core functions or to provide satisfactory services.

36. UNIDO has already eliminated a number of catering subsidies.

37. Internal audit reports are by definition internal and not intended for external distribution or reporting. Nevertheless, as a means of further improving transparency, UNIDO may make available a summary of recommendations made in the catering report and future reports as a matter of routine. Internal audit reports certifying the financial statements are regularly provided to the other VBOs (IAEA, CTBTO, UNOV), as well as to the Catering Advisory Committee.

38. The JIU recommends that legislative organs request the executive heads to make renewed efforts to expand common services at the VIC and specifies five areas for which joint working groups should be set up (recommendation 8). While this recommendation is referred to member States for consideration, the Secretariat would point out that owing to the diverse and specialized requirements of the various organizations, it would not be cost-effective to expand common services in a number of those areas.

## II. ACTION REQUIRED OF THE BOARD

39. In compliance with the provisions of the Statute of JIU, resolution 48/221 of the General Assembly, and paragraph 9 of the pilot system of UNIDO follow-up to JIU recommendations, the Board may wish to take note of the information contained in the present document, including its annex, and to review the recommendations of the JIU together with the views of UNIDO thereon. In particular the Board may wish to consider the JIU recommendations directed to the legislative organs.

## Annex

## FOLLOW-UP TO JIU RECOMMENDATIONS

The following tabular inventory reflects the status of recommendations in relevant JIU reports. The full text of the recommendations can be found in the respective JIU documents and in the UNIDO documents (IDB symbol) referred to.

### Strengthening the investigations function in United Nations system organizations
(JIU/REP/2000/9-IDB.25/5)

| Recommendation | UNIDO comments | Unit responsible | Status of implementation | IDB |
|---|---|---|---|---|
| 1. Common standards and procedures. | UNIDO participates actively in the system-wide debate aimed at strengthening the investigations functions. Most recently the fourth conference of international investigators adopted common guidelines for investigators. | OCG/IOG | Accepted and implemented. | Noted. IDB.25/Dec.9 |
| 2. Training for managers. | UNIDO participated at two training seminars: one aimed at fighting fraud and corruption and the other on investigative techniques for information technology. | OCG/IOG | Accepted and implemented. | Noted. IDB.25/Dec.9 |
| 3. Conduct risk profile for meeting the need for a professional investigations capability. | UNIDO conducts a risk assessment review at the beginning of the year to come up with IOG work programme. Morcover, and particularly for ad hoc investigations, the Director-General releases specific funds for the recruitment of specialized expertise. | OCG/IOG | Accepted and implemented. | Noted. IDB.25/Dec.9 |
| 4. Options for financing access of small organizations to a professional investigations capability. | UNIDO continues to foster relationships and cooperation within the system as well as with multilateral institutions, including Interpol and the European Anti-Fraud Office. | OCG/IOG | Accepted and implemented. | Noted. IDB.25/Dec.9 |
| 5. Preventive measures based on proactive investigations and lessons learned. | UNIDO is currently addressing various methods in conducting proactive investigations including an update of its investigations manual and promoting ethical awareness among its staff through presentations on the investigation process. | ODG/IOG | Accepted and implemented. | Noted. IDB.25/Dec.9 |
| 6. Conferences of investigators of United Nations organizations and multilateral financial institutions should continue to develop opportunities, including those external to the system, to foster inter-agency cooperation regarding the investigations function. | UNIDO's internal oversight group not only participates actively at this yearly conference, but has furthermore established a sound mechanism amongst the participants for future cooperation | OCG/IOG | Accepted and implemented. | Noted. IDB.25/Dec.9 |

**United Nations system support for science and technology in Latin America and the Caribbean**
(JIU/REP/2001/2—IDB.25/5)

| Recommendation | UNIDO comments | Unit responsible | Status of implementation | IDB |
|---|---|---|---|---|
| 1. The United Nations Commission on Science and Technology for Development may wish to discuss desirability, feasibility and timeliness of a joint programme for science and technology. | Within UNDAF, a joint programme for science and technology related system activities in LAC would be desirable. In view of often diverging programming cycles, it may, however, not always be feasible. In any case, the Commission should be informed of activities to avoid overlap and exchange of information and views. | PCF/LAC | Implementation not yet started. | Noted. IDB.25/Dec.9 |
| 2. The United Nations Development Group and specialized agencies should study [the Inter-American Development Bank's] policy and operational approaches to IT capacity-building in Latin America and the Caribbean to derive lessons that could be applied in other developing regions. | Agreed subject to action of other parties. | PCF/LAC | Implementation pending concrete cooperation with Bank in joint activities. | Noted. IDB.25/Dec.9 |
| 3. United Nations system organizations active in Latin America and the Caribbean should intensify their cooperation with SELA's science and technology initiatives, especially in TCDC. | Agreed in principle. However, a clear definition of concrete areas where cooperation could be intensified with synergy effects for both agencies and the beneficiaries in the region should be developed. | PCF/LAC | No particular efforts towards intensification started yet. | Noted. IDB.25/Dec.9 |
| 4. Science and technology networks—United Nations system organizations should assess the viability, benefits and experiences of the numerous science and technology networks in Latin America and the Caribbean. | Agreed in principle, but requires definition of a coordinating body prior to carrying out and coordinating the assessment. | PCF/LAC | Implementation not yet started. | Noted. IDB.25/Dec.9 |
| 5. UNCTAD-supported science, technology and innovation policy reviews. | Noted. | PCF/LAC | Not for UNIDO to address, but UNIDO would be prepared to participate in the proposed rotation principle of the lead agency according to emphasis of each review | Noted. IDB.25/Dec.9 |
| 6. Not directed to UNIDO. | | | | |
| 7. Relevant agencies should continue to monitor the practical results of biotechnology research and development institutions in the region. | Agreed in principle, however UNIDO will contribute to this recommendation primarily with and after the Global Biotechnology Forum to be convened at Concepción, Chile, 2-5 March 2004. | PCF/LAC | Not yet started, will become relevant after Global Biotechnology Forum | Noted. IDB.25/Dec.9 |
| 8. Not directed to UNIDO. | | | | |

**Enhancing governance oversight role: Structure, working methods and practices on handling oversight reports**
(JIU/REP/2001/4-IDB.25/5)

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| 1. Modus operandi for legislative organs. | UNIDO comments on recommendations 1-4 reported in document IDB.25/5 | IDB, supported by SGB | Recommendations 1-3 were addressed to the legislative organs and brought to the attention of the Board in document IDB.25/5. Subsequently, the Board adopted decision IDB.25/Dec.9. The Board considered that the governance structures, modus operandi, etc., needed to be reviewed regularly against the thrust of the recommendations.<br>The Secretariat plans to continue the practice of reviewing the approach and working methods prior to each legislative session, proposing preparatory meetings, briefings or other informal mechanisms, as appropriate, to increase the efficiency of the session. | Noted. IDB.25/Dec.9 |
| 2. Measures to rationalize or strengthen governance structures. | | | | |
| 3. Review of specific questions by legislative organs. | | | | |
| 4. Handling of reports by oversight mechanisms. | | OCG/IOG | Implemented. | Noted. IDB.25/Dec.9 |